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annual report

1962

PURVIS HALL
LIBRARY

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

FEB 23 1963

McGILL UNIVERSITY

board of directors

R. C. BERKINSHAW, C.B.E., TORONTO

P. P. DAIGLE, MONTREAL

A. W. DENNY, TORONTO

R. DEYOUNG, AKRON

W. E. ECCLESTONE, TORONTO

HOWARD L. HYDE, AKRON

A. DEANE NESBITT, O.B.E., D.F.C., MONTREAL

L. E. SPENCER, TORONTO

E. J. THOMAS, AKRON

officers

L. E. SPENCER, *President and General Manager*

A. W. DENNY, *Vice-President, Production*

W. E. ECCLESTONE, *Vice-President, Sales*

D. C. CARLISLE, *Treasurer*

K. E. KENNEDY, Q.C., *Secretary and General Counsel*

H. A. BRUNDAGE, *Comptroller*

C. E. CLARKE, *Assistant Treasurer*

A. E. ROBINETTE, Q.C., *Assistant Secretary*

C. W. J. EVANS, *Assistant Comptroller*

D. F. CATTO, *Assistant Comptroller*



general offices

NEW TORONTO, ONT.

factories

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

ST. HYACINTHE, QUE.

QUEBEC CITY, QUE.

MEDICINE HAT, ALTA.

branches

MONCTON, N.B., 607 St. George St.

QUEBEC CITY, QUE., 1225 Charest Blvd. West

MONTREAL, QUE., 2050 Cote de Liesse Rd.

TORONTO, ONT., 650 Kipling Ave. South, Toronto 18

LONDON, ONT., 1700 Dundas St. East

WINNIPEG, MAN., 1725 Sargent Avenue

REGINA, SASK., 2410 Dewdney Ave.

SASKATOON, SASK., 2035 First Ave. North

CALGARY, ALTA., 238-11th Ave. East

EDMONTON, ALTA., 11330-143rd St.

VANCOUVER, B.C., 2625 Rupert St.

wholesale distributor

ST. JOHN'S, NFLD.

A. E. Hickman Company Limited

Annual Report of the Directors

To the Shareholders:

The consolidated balance sheet of the Company and its subsidiaries as of December 31, 1962 and the consolidated statements of profit and loss and earned surplus showing the results of operations for the year, together with the report of the Company's auditors, Price Waterhouse & Co., are submitted herewith.

The consolidated net income for the year amounted to \$1,946,448 or \$6.52 per common share, as compared with \$3,610,065 or \$12.97 per common share for the year 1961. Earnings for 1961 were favored by the inclusion of a non-recurrent item of income in the amount of \$845,800.00, as described in the report for that year.

Dividends on common stock, totalling \$6.00 per share and amounting to \$1,543,560 were paid during the year. Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares.

Capital expenditures during the year for expansion, improvements and replacements of property, totalled \$3,709,131 and depreciation amounted to \$2,578,208.

Working capital amounted to \$27,264,190 and the ratio of current assets to current liabilities is 5.1 to 1 compared with 5.2 to 1 at the end of 1961.

Inventories of raw materials, work in process and finished goods have been thoroughly reviewed and valued on the basis of the lower of average cost or market.

To maintain the coverage of the Company's pension, hospitalization and related benefits and group insurance plans, there is included in the attached consolidated profit and loss statement a charge to income of \$1,592,000.

Taxes and duties of all kinds provided in 1962 totalled \$7,581,000, equivalent to \$29.47 per share of issued common stock, as compared with \$8,448,000 or \$32.84 per share in 1961.

The year 1962 established a record in dollar sales as well as unit and tonnage production. The fact that earnings dropped in the face of this is, of course, disappointing even though this was the trend of the entire industry.

Profits were largely adversely affected by lower selling prices existing in the industry, even in the face of substantially higher labor and material costs.

A lesser factor was the start-up cost incurred in connection with our new facilities at the New Toronto and Medicine Hat plants. However, we do feel that our programs in both manufacturing and distribution for the fundamental growth and strength of the Company are sound and that progress is being made. A measure of our confidence in this respect is indicated by the continued authorization of sizeable amounts for the expansion and modernization of our plants and facilities.

The entire organization — employees in each plant, in each warehouse, in each branch — from coast to coast — contributed appreciably to the improvements in quality and value of our products and service which were achieved in 1962. The loyal and capable men and women associated with Goodyear are its principal assets and the Board wishes to express its appreciation for their contribution during the past year.

Several changes in organization, designed to strengthen the Company's ability to meet the opportunities and problems of its growing business were effected during the year. Many important changes in personnel also occurred throughout the organization as our heavy retirement period was completed and new opportunities opened up.

Mr. H. G. Harper retired as Vice-President of Sales and resigned as a Director on June 30. His extensive knowledge of the rubber industry and his broad experience therein were of invaluable assistance to the Company during his ten years as an officer and Director.

Mr. W. E. Ecclestone became Vice-President of Sales and was appointed a Director, to succeed Mr. Harper.

The Company continues to emphasize a fundamental conviction that training and development of its people — individuals and/or groups — is inseparable from efficient and successful operation. The practical application of this philosophy will be reflected by the Company's progress and growth in the years ahead.

The outlook indicates a continuation of the current high level of business activity in our growing market for goods and services. Your Company, with its diversified operations, manufacturing and merchandising strength, vigor and enthusiasm, looks forward to the challenges of the future with the greatest confidence.

On behalf of the Board,

A handwritten signature in cursive script, reading "L E Spencer". The signature is written in dark ink and is positioned above the printed title of the signatory.

President and General Manager.

February 7, 1963.

THE GOODYEAR TIRE & RUBBER COMPANY OF

consolidated

assets

	DECEMBER 31 1962	DECEMBER 31 1961
CURRENT ASSETS:		
Cash	\$ 2,705,813	\$ 4,712,049
Accounts receivable, less provision for bad debts —1962—\$512,806; 1961—\$541,468	11,626,029	10,280,303
Inventories at cost or market, whichever is lower ..	19,646,817	19,618,209
TOTAL CURRENT ASSETS	\$33,978,659	\$34,610,561
INVESTMENTS AND OTHER ASSETS:		
Shares, Bonds, Mortgages etc. at cost	2,389,103	2,559,363
Deferred charges to future operations	172,237	268,584
	2,561,340	2,827,947
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment, at cost ..	54,294,796	51,808,458
Less—Depreciation	38,798,992	37,291,724
	\$15,495,804	\$14,516,734
	<u>\$52,035,803</u>	<u>\$51,955,242</u>

APPROVED ON BEHALF OF THE BOARD:

L E Spencer

DIRECTOR

R B Beckinslow

DIRECTOR

CANADA, LIMITED AND SUBSIDIARY COMPANIES

balance sheet

liabilities

	DECEMBER 31 1962	DECEMBER 31 1961
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 5,851,301	\$ 4,443,723
Accrued income and other taxes payable	795,929	2,172,075
Preferred stock dividend payable	67,239	68,073
TOTAL CURRENT LIABILITIES	\$ 6,714,469	\$ 6,683,871
SHAREHOLDERS' EQUITY:		
Capital Stock:		
Four per cent, Cumulative Redeemable Sinking Fund Preferred Shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized and outstanding—1962—134,477 shares; 1961—136,145 shares	6,723,850	6,807,250
Common shares, no par value:		
Authorized — 290,660 shares; issued — 257,260 shares	128,630	128,630
Capital Surplus	692,350	692,350
Earned Surplus	37,776,504	37,643,141
	<u>45,321,334</u>	<u>45,271,371</u>
	<u>\$52,035,803</u>	<u>\$51,955,242</u>

consolidated profit and loss statement

	Year ended December 31	
	1962	1961
Profit from operations before providing for depreciation and income taxes	\$ 5,883,168	\$ 8,663,121
Income from investments	153,032	154,268
	<u>6,036,200</u>	<u>8,817,389</u>
Deduct:		
Provision for depreciation	2,578,208	2,642,395
Provision for income taxes	1,511,544	2,564,929
	<u>4,089,752</u>	<u>5,207,324</u>
Net Profit for the year	<u>\$ 1,946,448</u>	<u>\$ 3,610,065</u>

consolidated earned surplus statement

	Year ended December 31	
	1962	1961
Balance at beginning of year	\$37,643,141	\$35,849,156
Net profit for the year	1,946,448	3,610,065
	<u>39,589,589</u>	<u>39,459,221</u>
Deduct:		
Dividends:		
On four per cent. preferred shares	269,525	272,520
On common shares	1,543,560	1,543,560
	<u>1,813,085</u>	<u>1,816,080</u>
Balance at end of year	<u>\$37,776,504</u>	<u>\$37,643,141</u>

notes to consolidated financial statements

1. The accounts receivable at December 31, 1962 include \$862,476 due from affiliated companies and \$1,238,561 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Rentals payable under leases expiring more than three years from December 31, 1962 aggregate approximately \$696,000 annually.

auditors' report

PRICE WATERHOUSE & CO.

55 Yonge Street
Toronto 1

January 28, 1963

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1962 and the consolidated statements of profit and loss and earned surplus for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

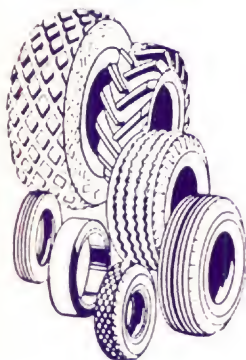
In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss and earned surplus present fairly the consolidated financial position of the companies as at December 31, 1962 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Price Waterhouse & Co.".

Chartered Accountants.

LOTS OF GOOD THINGS

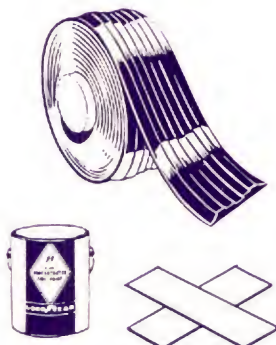
TIRES



Tires For

Automobiles
Trucks
Buses
Earthmovers
Construction
Mining
Logging
Farm Tractors
Implements
Industrial Vehicles
Motorcycles
Racing Cars
Midget Racers
Karting Vehicles
Military Vehicles
Mobile Homes
Inner Tubes for
Tube-Type Tires

RETREAD AND REPAIR MATERIALS



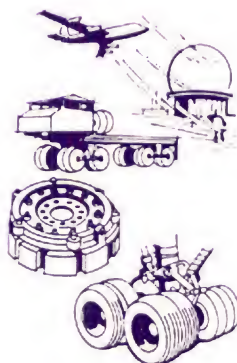
Retread Rubber
Tire Repair Gums
Tire Repair Fabrics
Tire Repair Materials
Vulcanizing Cements
Airbags for Repairing and
Retreading Tires

AUTOMOTIVE ACCESSORIES AND BATTERIES



Fan Belts
Molded and Straight
Radiator Hose
Hose
Heater
Airline
Signal Call
Exhaust
Defroster
Gas Line
Windshield Wiper Tubing
Friction and Vinyl Tapes
Truck Splash Guards
Valve Hardware
Car Mats
Tire Flaps and Reliners
6 and 12 volt Wet and
Dry Charged Batteries

AVIATION PRODUCTS

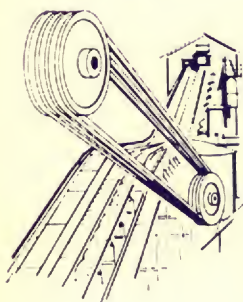


Airplane Tires and Tubes
Wheels
Brakes
Anti-Skid System
Terra Tires
De-icers (Iceguard)
Inflatable Radomes
Windshields

COME FROM



INDUSTRIAL GOODS



Conveyor Belting
V-Belts
Flat Power Transmission Belts
Positive Drive Belts
Fan Belts
Industrial Hose
Fire Hose
Garden Hose
Special Type Hoses
Molded Products
Extruded Products
Packing
Sheeting
Tank and Chute Linings
Industrial Rolls
Dock and Ship Fenders
Matting
Pillow Tanks
Dunnage Bags

SHOE PRODUCTS



Nylon Toplifts
Infa-Flex Soling
Soles
Marathon Half
Neolite Vulca-Bond
Rubber Vulca-Bond
Strips
Crown Neolite
Neolite
Rubber
Mid-Soling
Wing-Lite
Neolite Flex
Cured Back Gum
Rubber Cement
Neotex Soling
Neolite Edge Dye

FILMS AND CEMENTS



Pliofilms for Protective Packing of Baked Goods, Meats, Self-service Foods and other products
Vitafilms for Food and Heavy-duty Packaging (Textiles, Hardware Items, etc.)
Adhesives for Home and Industry:
Pliobond All-purpose Adhesive
Pliotac Contact Cement

Goodyear people our greatest asset

Goodyear-Canada has always attracted loyal and conscientious employees . . . people who like working at Goodyear . . . people who take pride in the craftsmanship identified with all Goodyear products. Today, your Company enjoys the unique distinction in industry of having more than 900 active and retired employees in its 25-Year service ranks. And long service of 35 and 40 years is not uncommon. During its 53 years in Canada, these employees have helped produce more than 60 million tires and

other products now sold by 13,000 dealers across the country. Goodyear is the only major manufacturer of tires and other products which reports the results of its operations to its shareholders and to the public. Nearly 3,000 Canadian shareholders participate in your Company's impressive record of progress and expansion . . . a record made possible by the combined teamwork, spirit and ability of all our employees, dealers and distributors working together to provide the finest produce values and service.

